

Investor Updates

Best Practices

Why is investor reporting crucial for fundraising?

Fundraising is all about creating momentum, but how do you convince an investor you've just met to back you before anyone else does? The old VC adage, coined by Mark Suster in 2010, is as relevant as ever in the current VC climate: "invest in lines, not dots."

Investors like to measure and assess progress over a longer period of time (months, not days or weeks). They're measuring both quantitative signals (growth rate, willingness to pay, retention) and qualitative signals (speed of execution, the founder's strength of character, the team's capabilities).

Regularly reporting out to investors enables founders to provide evidence of those signals over a longer period of time, when they're not officially fundraising, and build strong relationships ahead of future rounds. Updates also help to create transparency and alignment with existing investors, and to rally them around your cause.

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How to write impactful updates

Investor updates are an underutilized fundraising tool. Monthly reporting cadences can do wonders with both existing and prospective investors.

As with everything, a poorly done investor update may do more harm than good which is why it is important to ensure both consistency and quality. Below you can find a number of best practices and things to avoid:

Do This

- Segment Audience
 - Customize content per audience type
- Limit Length
 - Keep it to 1-2 pages
- TLDR
 - Include a summary at the top
- Simple Asks
 - Streamline requests for investors
- Help Them Remember
 - End with a brief company description
- Shout Outs
 - Use to engage and acknowledge contributors

Not That

- Send the Same Update to Everyone
 - No customization for different audiences
- Reach Out to New Contacts
 - Send updates to people you haven't met or spoken with before
- Share Proprietary Info Broadly
 - Distribute sensitive details to everyone
- Expect Full Read-through
 - Assume investors will have time to read the full update in detail
- Hide Key Points
 - Don't highlight main takeaways

What's a great update structure?

A great investor update is broken into relevant parts, clearly delimited by headers. Each part is no more than a few sentences and a few bullet points, occasionally including an image or a video. No fluff, plain language, and clear numbers go a long way in communicating with investors. As an example:

